

Message Text

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ACTION EUR-25

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TO SECSTATE WASHDC IMMEDIATE 1036

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C O N F I D E N T I A L BUDAPEST 0693

E.O. 11652: GDS

TAGS: PINT, PFOR, HU

SUBJECT: POLICY IMPLICATIONS OF HUNGARIAN CENTRAL COMMITTEE CHANGES

1. SEPTTEL CONTAINS OUR ANALYSIS OF IMPORTANT CHANGES IN PARTY AND GOVERNMENT LEADERSHIP IN HUNGARY DURING THIS WEEK'S CENTRAL COMMITTEE SESSION. OUR ANALYSIS IS OBVIOUSLY SUBJECT TO REVISION AS WE SEE HOW THE CHANGES WORK OUT IN PRACTICE.

2. I THINK THE PRINCIPAL FACTORS THAT SHOULD GUIDE OUR THINK AT THIS POINT ARE AS FOLLOWS:

(Q) ECONOMIC POLICY WAS THE CENTRAL ISSUE THAT PROVOKED THESE CHANGES; AND THE MOST LIBERAL ECONOMIC FORCES HERE HAVE SUFFERED A SET-BACK. NYER'S SEVERE DEMOOCON MAKES THIS CLEAR. AT THE SAME TIME OTHER LIBERAL ELEMENTS HAVE REMAINED.

(2) NEMETH, UNTIL NOW BUDAPEST PARTY SECREGARY, HAS MOVED SUBSTANTIALY FORWARD IN A FUTURE CONTEST FOR BECOMING KADAR'S SUCCESSOR

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(3) THE LIKELIHOOD OF KADAR'S RETIRING AT THE NEXT PARTY

CONGRESS WOULD SEEM TO HAVE INCREASED, BUT HIS DECISION TO ASSUME PERSONAL CHAIRMANSHIP OF THE MAIN PREPARATIONS FOR NEXT CONGRESS MAKES IT CLEAR HE WILL REMAIN IN CONTROL AT LEAST UNTIL THEN.

(4) WHILE IT MIGHT BE THOUGHT THAT KADAR HAS LOST INFLUENCE IN THESE CHANGES, THAT CONCLUSION IS NOT NECESSARILY CORRECT. IN A RECENT ARTICLE POLITBUREAU MEMBER BISZKU WROTE THAT "SOME PEOPLE" FELT THAT THE PARTY'S POSITION WAS INTRODUCED INTO THE ECONOMIC SYSTEM WHEN BASIC DECISIONS WERE MADE AND THAT ECONOMIC FORCES SHOULD THEREAFTER BE LEFT ALONE. HE SAID THAT WAS WRONG. IF THE ISSUE CAME TO A HEAD IN SUCH TERMS I BELIEVE KADAR - A HUMANE BUT CONVINCED COMMUNIST - WOULD HAVE CHOSEN THE BISZKU SIDE ON THE BASIS OF HIS OWN JUDGMENT.

(5) THE CHANGES DO NOT MEAN AN ABANDONMENT OF THE NEW ECONOMIC MECHANISM AND A RETURN TO A CENTRALLY DIRECTED ECONOMY. THE COMMUNIQUE REAFFIRMED THE POLICY. A LONG ARTICLE IN THE PARTY PAPER TODAY BY POLITBUREAU MEMBER KOMOSCIN WAS ALSO DEVOTED ALMOST ENTIRELY TO MAKING THAT CLEAR. HE SAID THAT THE NEW ECONOMIC POLICY WAS INDISPENSABLE, AND LARGE HEADLINES OVER IT SAID "UNCHANGED POLICY".

(6) HOWEVER, THE CHANGES THAT WE KNOW ABOUT SUCH AS CENTRALLY DIRECTED WAGE INCREASES, A POWERFUL NEW ROLE OF THE TRADE UNIONS IN THE MONITORING OF INDUSTRIAL LEADERS, AND STATE DIRECTION OF SEVERAL PRINCIPAL INDUSTRIES - THE SORT THAT POLITBUREAU MEMBER GASPAR RECENTLY OUTLINED TO ME - ARE ALL RETROGRADE IN RESPECT TO THE MAIN INTENT OF THE NEM. IF NYERS REGARDED THEIR EFFECT AS SERIOUSLY AS HE MUST HAVE, WE MUST WEIGHT THAT JUDGMENT HEAVILY.

(7) THE ROLE OF THE USSR IS UNCLEAR, BUT A PARAGRAPH TODAY BY KOMOSCIN MAY MEAN THAT SOVIET POLICY LAY BEHIND THE CHANGE. FOR AFTER DEFENDING THE NEM STRONGLY HE THEN MADE THE POINT THAT OTHER EE COUNTRIES HAD ALSO MADE ECONOMIC ADVANCES AND THAT HUNGARY SHOULD NOT HESITATE TO USE THOSE THAT WERE HELPFUL. IF SOME SOVIET PRACTICE IS BEING INTRODUCED WE DO NOT KNOW WHAT IT IS.

(8) THE IMPACT OF THE CHANGES ON CULTURAL POLICY IS NOT YET CLEAR

ACZEL'S SHIFT TO THE GOVERNMENT MAY SIMPLY PUT HIM IN CHARGE OF IMPLEMENTING HIS OWN, RELATIVELY MODERATE, POLICIES. THE COMMUNIQUE FIRMLY CALLS FOR A STRONGER IDEOLOGICAL LINE IN EDUCATION; IT IS NOT NECESSARY THAT THIS WILL MEAN NEW RESTRICTIONS ON NEWS, FILMS, WESTERN CONTACTS, ETC, WHICH ARE RELATIVELY LIBERAL IN HUNGARY. WE SHOULD NOT CONCLUDE THAT CULTURAL RELATIONS WITH US WILL BE FROZEN AS A RESULT.

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(9) THE COMMUNIQUE IS ROOTED, I BELIEVE, IN A CONCERN ABOUT THE STATUS OF IDEOLOGICAL FERVOR IN HUNGARY. I THINK THIS STEMS NOT JUST FROM THE IDEOLOGICAL IMPACT OF THE NEW AND THE IMPROVING STANDARD

OF LIVING BUT ALSO FROM UNEASINESS ABOUT THE IMPACT OF DETENTE. THE CENTRAL COMMITTEE ENDORSED DETENTE FIRMLY, BUT THE OTHER CHANGES SEEM DESIGNED TO COUNTER ITS INTERNAL EFFECTS: A STRONGLY REASSERTED ASSOCIATION OF THE PARTY WITH PHYSICAL WORKERS, INCLUDING A NEW

POLICY REQUIRING 2/3RDS OF NEW MEMBERS TO BE PHYSICAL WORKERS;
A CALL FOR BETTER IDEOLOGICAL TRAINING OF THE WORKERS; THE CALL FOR
STRONGER IDEOLOGICAL CONTROL OVER EDUCATION; AND A FIRMLY ASSERTED
PARTY ROLE IN ECONOMIC, INCLUDING INDUSTRIAL DEMOCRACY, AFFAIRS.
THE PARTY'S FIRM ENDORSEMENT OF MULTILATERAL COOPERATION ON IDEO-
LOGICAL MATTERS STEMMING FROM THE PARTY MEETING IN MOSCOW IN DECEMBER
IS ANOTHER INDICATION OF THIS. AND MANY RECENT ARTICLES - INCLUDING
ACZELS' ON CULTURAL POLICY - REFLECT A SIMILAR CONCERN.

(10) THERE IS LIKELY TO BE LITTLE DIRECT IMPACT ON OUR OWN
INTERESTS HERE. INDEED IN THE ECONOMIC SPHERE THEY COULD WELL
LEAN THE OTHER WAY IN TRADE AND ECONOMIC COOPERATION IN ORDER
TO DEMONSTRATE THAT THEIR BASIC POLICIES HAVE NOT CHANGED.
IN SHORT I THINK NO CHANGES IN OUR OWN POLICIES ARE CURRENTLY CALLED
FOR. IF THE CHANGES PROVE TO BE MORE FUNDAMENTAL THAN OUR ANALYSIS
IMPLIES WE WOULD OF COURSE HAVE TO RE-EXAMINE THE SITUATION.
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